



AGENDA DATE: 7/20/00  
AGENDA ITEM: 11B

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
*Two Gateway Center*  
*Newark, NJ 07102*

IN THE MATTER OF THE APPLICATION OF )  
CONSUMERS NEW JERSEY WATER )  
COMPANY FOR AUTHORITY TO BORROW UP )  
TO \$4.0 MILLION AND TO ISSUE EVIDENCES )  
OF INDEBTEDNESS PURSUANT TO THE NEW )  
JERSEY ENVIRONMENTAL INFRASTRUCTURE )  
TRUST FINANCING PROGRAM )

ORDER

AUTHORIZING BORROWING AND  
ISSUANCE OF INDEBTEDNESS

DOCKET NO.: WF00060358

Kathy L. Pape, Esq. for Philadelphia Suburban Corporation for Consumers New  
Jersey Water Company

Fred S. Grygiel, Chief Economist, Mark C. Beyer, Manager, Office of the  
Economist, Michael Gallagher, Director, Division of Water and Wastewater,  
on behalf of the Staff of the Board of Public Utilities

BY THE BOARD:

Consumers New Jersey Water Company, (Consumers or Petitioner) a public utility  
of the State of New Jersey, by petition filed with the Board of Public Utilities (Board) on  
June 14, 2000, pursuant to N.J.S.A. 48: 3-7, 48: 3-9, and N.J.A.C. 14: 1-5.9, requests  
authority to:

- a) Borrow up to \$4.0 million (Loans) from the New Jersey Environmental Infrastructure  
Trust, (Trust) and the State of New Jersey, acting by and through the New Jersey  
Department of Environmental Protection, (State) and to make, execute and deliver  
to the Trust and the State, any and all documents required in connection therewith;
- b) Make, execute and deliver one or more Supplemental Indentures of Mortgage to  
The Phillipsburg National Bank & Trust Company, as Trustee, for the purpose  
among other things, of describing the terms of Petitioner's First Mortgage Bonds  
(First Mortgage Bonds); and
- c) Issue and deliver to the Trust and the State up to \$4.0 million principal amount of  
First Mortgage Bonds, due 2020.

Petitioner's First Mortgage Bonds will bear interest at approximately one-half of the interest rate of the Trust's Bonds, which are intended to be sold by competitive bidding. Petitioner requests that the relief set forth in Paragraphs a through c above be granted by the Board without the requirement for further Board Order as to pricing.

The Trust will issue and sell its tax-exempt bonds and the proceeds together with other State monies will be used to create a fund available for loans to qualified borrowers, all pursuant to the 2000 New Jersey Environmental Infrastructure Trust Financing Program. Loans to various entities, including the Loans to the Petitioner, will be made from the loan fund. Petitioner proposes to issue and deliver its First Mortgage Bonds to the Trust and the State as security for the Loans from the Trust and the State to Petitioner up to \$4.0 million. The Trust Bonds will be sold through one or more underwriters selected by competitive bid with a fixed rate of interest, under circumstances where competitive conditions will be maintained throughout.

The proceeds of the issuance of the Petitioner's First Mortgage Bonds will be used by Petitioner to finance several projects consisting of constructing a storage tank and several distribution mains, to pay qualified short-term debt, if any, incurred in connection with this and other qualified projects, and to pay any allowed issuance expenses and related costs. Petitioner anticipates seeking additional loans from the Trust and the State in the future and seeking Board approval for such loans.

Petitioner has stated that no franchise or right will be capitalized directly or indirectly by the issuance of its First Mortgage Bonds.

The Board, after investigation, having considered the record and exhibits submitted in this proceeding, being satisfied with the action proposed to be taken by Petitioner as indicated above, and finding that the proposed transactions are to be made in accordance with law, and approving the purposes thereof, HEREBY ORDERS that Petitioner be and is HEREBY AUTHORIZED to:

- a) Borrow up to \$4.0 million from the New Jersey Environmental Infrastructure Trust (Trust) and the State of New Jersey, acting by and through the New Jersey Department of Environmental Protection and to make, execute and deliver to the Trust and the State, any and all documents required in connection therewith;
- b) Make, execute and deliver one or more Supplemental Indentures of Mortgage to The Phillipsburg National Bank & Trust Company, as Trustee; and
- c) Issue and deliver to the Trust and the State up to \$4.0 million principal amount of First Mortgage Bonds, due 2020.

This Order is issued subject to the following provisions:

- 1) This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of the tangible or intangible assets now owned or hereafter to be owned by the Petitioner; nor as certifying that the securities authorized to be issued and sold will be represented by tangible or intangible assets of commensurate value or investment cost.

- 2) This Order shall not affect nor in any way limit the exercise of the authority of this Board or of this State, in any further petition or in any proceedings with respect to rates, franchises, service, financing (including method of sale of securities), accounting, capitalization, depreciation, or in any other matter affecting the Petitioner.
- 3) Petitioner shall submit a schedule indicating complete details of the issuance costs no later than sixty (60) days following the closing date for the transaction.
- 4) Petitioner shall furnish the Board with copies of the executed Supplemental Indentures.
- 5) The Bonds herein authorized to be issued shall not be redeemed at a premium, prior to maturity, without further Board approval.
- 6) The authority granted in this Order shall become null and void and of no effect with respect to any portion which is not exercised on or before November 1, 2003.

DATED: 8/3/00

BOARD OF PUBLIC UTILITIES  
BY:

[SIGNED]  
HERBERT H. TATE  
PRESIDENT

[SIGNED]  
CARMEN J. ARMENTI  
COMMISSIONER

[SIGNED]  
FREDERICK F. BUTLER  
COMMISSIONER

ATTEST: [SIGNED]  
EDWARD D. BESLOW, Esq.  
ACTING SECRETARY

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